

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
June 27, 2024**

SUBJECT: Authorization to Issue Debt by UCF Stadium Corporation for Stadium Renovations

PROPOSED COMMITTEE ACTION

Adopt a resolution authorizing the issuance of taxable debt in an amount not to exceed \$100M by the University of Central Florida Stadium Corporation to finance the renovations to the football stadium on the main campus of the University of Central Florida.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution; Section 1010.62, Florida Statutes; and the State University System Debt Management Guidelines.

BACKGROUND INFORMATION

The UCF Stadium Corporation (“UCFSC” or the “DSO”), a direct support organization of University of Central Florida, is requesting approval to issue \$100M in debt (the “Debt”) to finance renovations to its football stadium (the “Project”) on its main campus.

The Project will renovate the west side of the stadium, expanding the existing tower by approximately 58,600 sq ft and include new premium seating options on the west sideline, reconfigured club seating, enhanced loge area, and new luxury, bay suites, and a press level. Overall, the project will have multiple floors with 1,436 new luxury seats, and include ADA accommodations on the ground level and second floor. Project construction is anticipated to commence in December 2024 and be completed in Fall 2026.

The Project is expected to cost no more than \$100M and will be financed with a combination of a fixed rate, direct placement bank loan in an amount not to exceed \$70M (the “TDT Loan”) and a fixed rate, taxable bond issuance in an amount not to exceed \$30M (the “Bonds”).

The Project will receive internal ‘bridge’ financing of \$8M prior to closing, \$3.7M of which represents a transfer of reserves from a non-athletic auxiliary, pursuant to Board Regulation 9.013.

The TDT Loan will be structured with a 15-year amortization but is anticipated to be repaid over an expedited 10-year period from Tourist Development Tax (TDT) revenues paid to UCF pursuant to a Funding Agreement with Orange County. The 30-year bonds will be repaid from stadium-derived revenues. The interest rate will be fixed and will not exceed 6.5%, which is modeled in the pro forma projections and debt service coverage.

The Bonds will be issued on parity with UCFSC’s other outstanding bonds totaling approximately \$31.7M, and will be secured by a first lien on certain stadium gross revenues. The TDT Loan will be secured by a first lien on certain TDT receipts paid to UCF (as described in the Project Summary), as well as a subordinate lien on stadium revenues and a \$6M liquidity reserve.

Based on University provided projections, in the first year of the Project’s operation (FY27), Stadium Revenues grow to over \$68M, providing debt service coverage (on a ‘gross pledge’

basis) of at least 5.33x over the projected period, exceeding the 1.20x minimum required by the SUS Debt Management Guidelines.

The Project was Legislatively authorized, pursuant to s. 1010.62(6), F.S., and it is included in the University's approved campus master plan as amended May 26, 2022. The UCF Board of Trustees approved the Project on March 28, 2024.

Board staff and the Division of Bond Finance have reviewed the resolution and supporting documentation provided by UCF. Based upon this review, the proposed financing appears to be in compliance with Florida Statutes, as well as the SUS Debt Management Guidelines, governing the issuance of university debt.

Supporting Documentation:

1. Requesting Resolution
2. Project Summary
3. Estimated Source & Uses
4. Historical & Projected Debt Service Coverage
5. Schedule of Debt Service
6. Schedule of Consolidated Debt Service
7. Projected Internal Rate of Return
8. DBF Memorandum

Facilitators/Presenters:

Mr. Kevin Pichard